



PIKE COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1999

**From The Office Of State Auditor
Claire McCaskill**

Report No. 2000-58
July 19, 2000
www.auditor.state.mo.us

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

July 2000

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Pike, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Pike County included additional areas of county operations, as well as the elected county officials. Some of the current recommendations are similar to prior recommendations that were not implemented by county officials. The following concerns were noted as part of the audit:

- Pike County's General Revenue and Law Enforcement Sales Tax funds have been experiencing declining cash balances. These funds provide funding for most general operations of the county, and based on the county's budget for the year ended December 31, 2000, the ending cash balances of the General Revenue and Law Enforcement Sales Tax funds are projected to be a deficit of \$97,612 and \$0 respectively. The audit report suggested the County Commission take the necessary steps to improve the financial condition of the General Revenue and Law Enforcement Sales Tax funds.
- The Home Health Department bills various entities (i.e. Medicare, Medicaid, and private insurance companies) for the services provided to patients. The department did not adequately monitor unpaid billings, and, as a result, failed to receive approximately \$50,000 in Medicare reimbursements due for services provided. In addition, the billings are not always prepared in a timely manner. The audit noted that four of seven billings to private insurance companies were sent from three to five months after the service was provided. Furthermore, accounting duties are not adequately segregated and there are no documented independent reviews of the accounting records.

(over)

YELLOW SHEET

- As noted in two prior audit reports, the securities pledged by one of the county's banks at December 31, 1999, were not sufficient to cover the county funds in excess of FDIC coverage by approximately \$468,000. In addition, during January 2000 and 1999, the collateral securities pledged by the same bank were not sufficient to cover the county funds in excess of FDIC coverage by approximately \$4,700,000 and \$1,590,000, respectively. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure. For the third time it was recommended that the County Commission ensure adequate collateral securities are pledged for all county funds on deposit in excess of FDIC coverage.

As in the prior audit report, the audit again recommended that the Sheriff's Department reconcile individual balances of prisoners' monies and commissary profits to the bank account monthly and that the County Treasurer prepare complete reconciliations between the county fund ledgers and bank statements monthly and resolve any differences timely.

The audit also suggested the County Treasurer ensure the fund ledgers reflect accurate book balances, the Circuit Clerk review old bonds and old inactive cases to determine if monies can be disposed of, and that the county ensure federal monies are disbursed timely in accordance with federal law.

Copies of the audit are available upon request.

PIKE COUNTY, MISSOURI

TABLE OF CONTENTS

		<u>Page</u>
<u>FINANCIAL SECTION</u>		
	State Auditor's Reports:	2-6
	Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
	Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	5-6
	Financial Statements:	7-23
<u>Exhibit</u>	<u>Description</u>	
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
A-1	Year Ended December 31, 1999	8
A-2	Year Ended December 31, 1998	9
	<u>General Revenue Fund</u>	
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	10
	<u>Special Road and Bridge Fund</u>	
C	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	11
	<u>Assessment Fund</u>	
D	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	12
	<u>Law Enforcement Training Fund</u>	
E	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	13
	<u>Prosecuting Attorney Training Fund</u>	
F	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	14

PIKE COUNTY, MISSOURI

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Financial Statements:

<u>Exhibit</u>	<u>Description</u>	
G	<u>Recorder's User Fees Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	15
H	<u>Law Enforcement Sales Tax Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	16
I	<u>Prosecuting Attorney Bad Check Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	17
J	<u>Equitable Sharing Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	18
K	<u>Community Service Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	19
L	<u>911 Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	20
M	<u>Circuit Interest Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	21

PIKE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Financial Statements:	
<u>Exhibit</u>	<u>Description</u>
N	<u>Hospice Fund</u> Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 199922
O	<u>Home Health Memorial Fund</u> Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 199923
Notes to the Financial Statements.....	24-27
Supplementary Schedule:.....	28-30
Schedule of Expenditures of Federal Awards, Years Ended December 31, 1999 and 1998	29-30
Notes to the Supplementary Schedule	31-33
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
State Auditor's Report:	35-37
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	36-37
Schedule:.....	38-41
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 1999 and 1998.....	39-41
Section I - Summary of Auditor's Results.....	39
Section II - Financial Statement Findings.....	40

PIKE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Section III - Federal Award Findings and Questioned Costs	40
<u>Number</u>	<u>Description</u>
99-1.	Federal Awards
	40
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	42-43
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	44-45
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings	47-57
<u>Number</u>	
1.	Financial Condition.....
	49
2.	County Deposits
	50
3.	County Treasurer's Reconciliations
	51
4.	Sheriff's Inmate Account
	52
5.	Circuit Clerk's Procedures
	53
6.	Home Health Department's Records and Procedures
	53
Follow-Up on Prior Audit Findings	58-65
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information	67-72

FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Pike County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Pike County, Missouri, as of and for the years ended December 31, 1999 and 1998, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Pike County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Pike County.

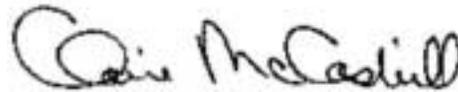
In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Pike County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31,

1999 and 1998, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 23, 2000, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Pike County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

March 23, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Robert L. McArthur, II
Audit Staff:	Heather Thompson
	Susan M. Cessac
	Betsy Bartow
	Norma L. Payne



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Pike County, Missouri

We have audited the special-purpose financial statements of various funds of Pike County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

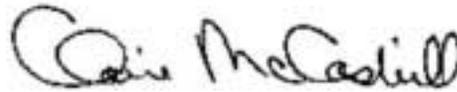
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Pike County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Pike County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Pike County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

March 23, 2000 (fieldwork completion date)

Financial Statements

Exhibit A-1

PIKE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 212,823	2,328,420	2,449,702	91,541
Special Road and Bridge	117,841	1,975,254	1,948,723	144,372
Assessment	34,663	205,530	208,447	31,746
Law Enforcement Training	(955)	11,798	8,869	1,974
Prosecuting Attorney Training	1,046	867	123	1,790
Recorder's User Fees	39,071	8,981	2,686	45,366
Law Enforcement Sales Tax	56,165	898,689	964,277	(9,423)
Prosecuting Attorney Bad Check	30,909	11,201	22,528	19,582
Equitable Sharing	6,834	0	6,200	634
Community Service	48,152	5,509	42,876	10,785
911	162,164	142,352	61,860	242,656
Circuit Interest	12,541	5,572	575	17,538
Hospice	54,566	11,211	59,606	6,171
Home Health Memorial	4,264	1,448	5,612	100
Domestic Violence	2,585	2,070	2,070	2,585
Law Library	11,875	10,462	6,160	16,177
Associate Circuit Division Interest	2,011	154	586	1,579
Juvenile Assessment	627	175	0	802
Total	\$ 797,182	5,619,693	5,790,900	625,975

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

PIKE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 428,973	2,324,337	2,540,487	212,823
Special Road and Bridge Assessment	9,554	1,930,449	1,822,162	117,841
Law Enforcement Training	14,715	211,037	191,089	34,663
Prosecuting Attorney Training	5,051	3,764	9,770	(955)
Recorder's User Fees	98	948	0	1,046
Law Enforcement Sales Tax	31,409	8,890	1,228	39,071
Prosecuting Attorney Bad Check	(603)	1,064,347	1,007,579	56,165
Equitable Sharing	26,540	12,259	7,890	30,909
Community Service	6,646	188	0	6,834
911	44,691	19,005	15,544	48,152
Circuit Interest	82,049	134,257	54,142	162,164
Hospice	18,470	2,806	8,735	12,541
Home Health Memorial	41,461	14,044	939	54,566
Domestic Violence	2,300	2,094	130	4,264
Law Library	1,955	2,130	1,500	2,585
Associate Circuit Division Interest	7,998	9,437	5,560	11,875
Juvenile Assessment	1,912	194	95	2,011
Sheriff Miscellaneous Service	757	160	290	627
Total	\$ 14,103	6,983	21,086	0
	\$ 738,079	5,747,329	5,688,226	797,182

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

PIKE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 391,742	432,358	40,616	395,574	416,213	20,639
Sales taxes	643,297	528,743	(114,554)	550,000	526,830	(23,170)
Intergovernmental	979,620	900,693	(78,927)	1,254,203	975,784	(278,419)
Charges for services	198,000	182,722	(15,278)	208,585	184,055	(24,530)
Interest	20,000	18,905	(1,095)	25,000	27,136	2,136
Other	172,650	133,019	(39,631)	120,028	137,183	17,155
Transfers in	77,173	131,980	54,807	57,136	57,136	0
Total Receipts	2,482,482	2,328,420	(154,062)	2,610,526	2,324,337	(286,189)
DISBURSEMENTS						
County Commission	86,000	85,040	960	66,000	64,379	1,621
County Clerk	76,896	75,007	1,889	71,974	63,478	8,496
Elections	55,026	39,115	15,911	82,893	68,501	14,392
Buildings and grounds	54,098	49,635	4,463	58,578	48,527	10,051
Employee fringe benefits	264,500	228,861	35,639	273,700	248,203	25,497
County Treasurer	42,742	38,654	4,088	29,322	27,682	1,640
County Collector	103,203	96,493	6,710	84,374	83,533	841
Ex Officio Recorder of Deeds	21,698	17,017	4,681	25,225	21,420	3,805
Circuit Clerk	7,450	7,308	142	14,010	10,593	3,417
Associate Circuit (Probate)	13,900	9,203	4,697	14,200	9,281	4,919
Court administration	32,429	29,663	2,766	32,203	24,083	8,120
Public Administrator	12,230	11,777	453	11,451	11,531	(80)
Prosecuting Attorney	177,906	148,434	29,472	134,465	125,926	8,539
Juvenile Officer	77,029	73,216	3,813	81,958	78,849	3,109
County Coroner	14,500	10,694	3,806	15,000	12,255	2,745
General county government	72,021	66,335	5,686	62,676	59,240	3,436
Miscellaneous	58,717	48,392	10,325	54,816	51,089	3,727
Jail lease purchase	134,933	134,933	0	137,616	137,616	0
Capital improvements	20,067	17,826	2,241	144,908	27,766	117,142
Public health and welfare services	1,054,635	1,054,166	469	1,214,455	1,059,581	154,874
Transfers out	240,433	190,433	50,000	351,458	301,458	50,000
Emergency Fund	75,000	17,500	57,500	78,325	5,496	72,829
Total Disbursements	2,695,413	2,449,702	245,711	3,039,607	2,540,487	499,120
RECEIPTS OVER (UNDER) DISBURSEMENTS	(212,931)	(121,282)	91,649	(429,081)	(216,150)	212,931
CASH, JANUARY 1	212,931	212,823	(108)	429,081	428,973	(108)
CASH, DECEMBER 31	\$ 0	91,541	91,541	0	212,823	212,823

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

PIKE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 290,171	322,378	32,207	288,767	308,618	19,851
Sales taxes	610,000	602,758	(7,242)	580,000	609,557	29,557
Intergovernmental	1,212,000	1,009,287	(202,713)	1,237,100	848,035	(389,065)
Interest	7,500	11,661	4,161	4,500	12,101	7,601
Other	28,500	29,170	670	129,000	152,138	23,138
Total Receipts	<u>2,148,171</u>	<u>1,975,254</u>	<u>(172,917)</u>	<u>2,239,367</u>	<u>1,930,449</u>	<u>(308,918)</u>
DISBURSEMENTS						
Salaries	420,000	375,216	44,784	403,968	380,102	23,866
Employee fringe benefits	121,050	91,955	29,095	127,800	110,338	17,462
Supplies	86,000	67,018	18,982	86,000	62,487	23,513
Insurance	16,000	14,206	1,794	12,000	12,034	(34)
Road and bridge materials	452,982	427,917	25,065	448,017	439,282	8,735
Equipment repairs	75,000	84,963	(9,963)	75,000	90,782	(15,782)
Rentals	5,000	905	4,095	5,000	3,375	1,625
Equipment purchases	322,000	320,423	1,577	316,000	342,524	(26,524)
Construction, repair, and maintenance	687,000	487,726	199,274	713,000	317,925	395,075
Other	13,000	10,414	2,586	13,000	14,177	(1,177)
Transfers out	67,980	67,980	0	49,136	49,136	0
Total Disbursements	<u>2,266,012</u>	<u>1,948,723</u>	<u>317,289</u>	<u>2,248,921</u>	<u>1,822,162</u>	<u>426,759</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(117,841)	26,531	144,372	(9,554)	108,287	117,841
CASH, JANUARY 1	117,841	117,841	0	9,554	9,554	0
CASH, DECEMBER 31	<u>\$ 0</u>	<u>144,372</u>	<u>144,372</u>	<u>0</u>	<u>117,841</u>	<u>117,841</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

PIKE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSESSMENT FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 159,956	162,287	2,331	155,680	156,641	961
Interest	200	1,563	1,363	400	1,334	934
Other	1,300	1,247	(53)	1,100	1,604	504
Transfers in	40,433	40,433	0	51,458	51,458	0
Total Receipts	<u>201,889</u>	<u>205,530</u>	<u>3,641</u>	<u>208,638</u>	<u>211,037</u>	<u>2,399</u>
DISBURSEMENTS						
Assessor	236,552	208,447	28,105	223,353	191,089	32,264
Total Disbursements	<u>236,552</u>	<u>208,447</u>	<u>28,105</u>	<u>223,353</u>	<u>191,089</u>	<u>32,264</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(34,663)</u>	<u>(2,917)</u>	<u>31,746</u>	<u>(14,715)</u>	<u>19,948</u>	<u>34,663</u>
CASH, JANUARY 1	34,663	34,663	0	14,715	14,715	0
CASH, DECEMBER 31	<u><u>0</u></u>	<u><u>31,746</u></u>	<u><u>31,746</u></u>	<u><u>0</u></u>	<u><u>34,663</u></u>	<u><u>34,663</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

PIKE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 0	2,158	2,158	0	0	0
Charges for services	3,800	3,440	(360)	3,100	3,764	664
Transfers in	6,200	6,200	0	7,100	0	(7,100)
Total Receipts	10,000	11,798	1,798	10,200	3,764	(6,436)
DISBURSEMENTS						
Sheriff	9,000	8,869	131	10,200	9,770	430
Total Disbursements	9,000	8,869	131	10,200	9,770	430
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	2,929	1,929	0	(6,006)	(6,006)
CASH, JANUARY 1	(955)	(955)	0	5,051	5,051	0
CASH, DECEMBER 31	\$ 45	1,974	1,929	5,051	(955)	(6,006)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

PIKE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,000	867	(133)	1,000	948	(52)
Total Receipts	1,000	867	(133)	1,000	948	(52)
DISBURSEMENTS						
Prosecuting Attorney	550	123	427	0	0	0
Total Disbursements	550	123	427	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	450	744	294	1,000	948	(52)
CASH, JANUARY 1	1,096	1,046	(50)	98	98	0
CASH, DECEMBER 31	\$ 1,546	1,790	244	1,098	1,046	(52)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

PIKE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER'S USER FEES FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 7,500	7,672	172	6,500	7,940	1,440
Interest	0	1,309	1,309	0	950	950
Total Receipts	<u>7,500</u>	<u>8,981</u>	<u>1,481</u>	<u>6,500</u>	<u>8,890</u>	<u>2,390</u>
DISBURSEMENTS						
Recorder of Deeds	6,000	2,686	3,314	6,000	1,228	4,772
Total Disbursements	<u>6,000</u>	<u>2,686</u>	<u>3,314</u>	<u>6,000</u>	<u>1,228</u>	<u>4,772</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500	6,295	4,795	500	7,662	7,162
CASH, JANUARY 1	39,171	39,071	(100)	31,409	31,409	0
CASH, DECEMBER 31	<u>\$ 40,671</u>	<u>45,366</u>	<u>4,695</u>	<u>31,909</u>	<u>39,071</u>	<u>7,162</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit H

PIKE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT SALES TAX FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales taxes	\$ 616,830	580,473	(36,357)	600,000	577,407	(22,593)
Intergovernmental	90,236	84,344	(5,892)	82,277	126,227	43,950
Charges for services	71,300	61,980	(9,320)	96,103	59,227	(36,876)
Interest	1,800	1,064	(736)	800	1,687	887
Other	24,018	20,828	(3,190)	13,000	28,713	15,713
Transfers in	200,000	150,000	(50,000)	300,000	271,086	(28,914)
Total Receipts	<u>1,004,184</u>	<u>898,689</u>	<u>(105,495)</u>	<u>1,092,180</u>	<u>1,064,347</u>	<u>(27,833)</u>
DISBURSEMENTS						
Sheriff	755,348	710,853	44,495	743,388	692,797	50,591
Office expenditures and equipment	168,000	124,325	43,675	195,389	180,362	15,027
Jail	137,001	129,099	7,902	152,800	134,420	18,380
Total Disbursements	<u>1,060,349</u>	<u>964,277</u>	<u>96,072</u>	<u>1,091,577</u>	<u>1,007,579</u>	<u>83,998</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(56,165)	(65,588)	(9,423)	603	56,768	56,165
CASH, JANUARY 1	56,165	56,165	0	(603)	(603)	0
CASH, DECEMBER 31	<u>\$ 0</u>	<u>(9,423)</u>	<u>(9,423)</u>	<u>0</u>	<u>56,165</u>	<u>56,165</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

PIKE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY BAD CHECK FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 13,500	10,337	(3,163)	10,000	11,446	1,446
Interest	500	864	364	425	813	388
Total Receipts	14,000	11,201	(2,799)	10,425	12,259	1,834
DISBURSEMENTS						
Prosecuting Attorney	37,200	22,528	14,672	36,965	7,890	29,075
Total Disbursements	37,200	22,528	14,672	36,965	7,890	29,075
RECEIPTS OVER (UNDER) DISBURSEMENTS	(23,200)	(11,327)	11,873	(26,540)	4,369	30,909
CASH, JANUARY 1	30,909	30,909	0	26,540	26,540	0
CASH, DECEMBER 31	\$ 7,709	19,582	11,873	0	30,909	30,909

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit J

PIKE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 EQUITABLE SHARING FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 0	0	0	840	0	(840)
Interest	0	0	0	158	188	30
Total Receipts	0	0	0	998	188	(810)
DISBURSEMENTS						
Transfers out	6,200	6,200	0	0	0	0
Total Disbursements	6,200	6,200	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,200)	(6,200)	0	998	188	(810)
CASH, JANUARY 1	6,834	6,834	0	6,646	6,646	0
CASH, DECEMBER 31	\$ 634	634	0	7,644	6,834	(810)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit K

PIKE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 COMMUNITY SERVICE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 0	4,900	4,900	22,500	17,690	(4,810)
Interest	100	609	509	1,251	1,315	64
Total Receipts	100	5,509	5,409	23,751	19,005	(4,746)
DISBURSEMENTS						
Public safety	48,252	42,876	5,376	37,830	15,544	22,286
Total Disbursements	48,252	42,876	5,376	37,830	15,544	22,286
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,152)	(37,367)	10,785	(14,079)	3,461	17,540
CASH, JANUARY 1	48,152	48,152	0	44,691	44,691	0
CASH, DECEMBER 31	\$ 0	10,785	10,785	30,612	48,152	17,540

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit L

PIKE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 911 FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
E911 phone tax	\$ 132,000	136,331	4,331	120,000	130,891	10,891
Interest	3,500	6,021	2,521	2,500	3,366	866
Total Receipts	<u>135,500</u>	<u>142,352</u>	<u>6,852</u>	<u>122,500</u>	<u>134,257</u>	<u>11,757</u>
DISBURSEMENTS						
Salaries	18,050	17,503	547	17,583	17,580	3
Equipment	40,000	4,219	35,781	40,000	0	40,000
Mileage and training	5,000	150	4,850	5,250	20	5,230
Phone line charges and service	0	37,516	(37,516)	0	35,887	(35,887)
Other	97,417	2,472	94,945	141,716	655	141,061
Total Disbursements	<u>160,467</u>	<u>61,860</u>	<u>98,607</u>	<u>204,549</u>	<u>54,142</u>	<u>150,407</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(24,967)	80,492	105,459	(82,049)	80,115	162,164
CASH, JANUARY 1	162,164	162,164	0	82,049	82,049	0
CASH, DECEMBER 31	<u>\$ 137,197</u>	<u>242,656</u>	<u>105,459</u>	<u>0</u>	<u>162,164</u>	<u>162,164</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit M

PIKE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CIRCUIT INTEREST FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 2,200	5,572	3,372	1,800	2,806	1,006
Total Receipts	<u>2,200</u>	<u>5,572</u>	<u>3,372</u>	<u>1,800</u>	<u>2,806</u>	<u>1,006</u>
DISBURSEMENTS						
Circuit Clerk	0	0	0	0	421	(421)
IV-D interest to State	575	575	0	314	314	0
Transfers out	0	0	0	8,000	8,000	0
Total Disbursements	<u>575</u>	<u>575</u>	<u>0</u>	<u>8,314</u>	<u>8,735</u>	<u>(421)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,625	4,997	3,372	(6,514)	(5,929)	585
CASH, JANUARY 1	12,108	12,541	433	17,134	18,470	1,336
CASH, DECEMBER 31	<u>\$ 13,733</u>	<u>17,538</u>	<u>3,805</u>	<u>10,620</u>	<u>12,541</u>	<u>1,921</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit N

PIKE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 HOSPICE FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Donations	\$ 11,826	9,485	(2,341)
Interest	0	1,726	1,726
Total Receipts	11,826	11,211	(615)
DISBURSEMENTS			
Indigent patients	10,000	0	10,000
Palliative services	5,000	142	4,858
Staff/community education	2,000	60	1,940
Hospice memorial	500	0	500
Transportation	200	0	200
Fundraiser expenses	0	736	(736)
Other	0	280	(280)
Transfers out	47,978	58,388	(10,410)
Total Disbursements	65,678	59,606	6,072
RECEIPTS OVER (UNDER) DISBURSEMENTS	(53,852)	(48,395)	5,457
CASH, JANUARY 1	53,852	54,566	714
CASH, DECEMBER 31	\$ 0	6,171	6,171

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit O

PIKE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 HOME HEALTH MEMORIAL FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Donations	\$ 1,806	1,448	(358)
Total Receipts	<u>1,806</u>	<u>1,448</u>	<u>(358)</u>
DISBURSEMENTS			
Other	6,070	0	6,070
Transfers out	0	5,612	(5,612)
Total Disbursements	<u>6,070</u>	<u>5,612</u>	<u>458</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,264)	(4,164)	100
CASH, JANUARY 1	4,264	4,264	0
CASH, DECEMBER 31	<u>\$ 0</u>	<u>100</u>	<u>100</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

PIKE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Pike County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed by warrant or in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1999, the county budget law. These budgets are adopted on the cash basis of accounting. Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Domestic Violence Fund	1999 and 1998
Law Library Fund	1999 and 1998
Associate Circuit Division Interest Fund	1999 and 1998
Juvenile Assessment Fund	1999 and 1998
Hospice Fund	1998
Home Health Memorial Fund	1998

Warrants issued were in excess of budgeted amounts for the Circuit Interest Fund in 1998. Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Interest Fund	1999 and 1998
Law Library Fund	1999 and 1998
Associate Circuit Division Interest Fund	1999 and 1998
Juvenile Assessment Fund	1999 and 1998

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1999, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 1999, \$3,593,687 was covered by federal depositary insurance or by collateral securities held by the county's custodial banks in the county's name, \$696,482 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company, and \$468,455 was uninsured and uncollateralized.

Of the county's bank balance at December 31, 1998, \$4,316,979 was covered by federal depositary insurance or by collateral securities held by the county's custodial banks in the county's name and \$486,485 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 1994, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

PIKE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1999	1998
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER0045-8182	\$ 0	32,490
		ER0045-9182	32,593	10,023
		ER0045-0182	12,393	0
	Program Total		<u>44,986</u>	<u>42,513</u>
U.S. DEPARTMENT OF DEFENSE				
Passed through state Office of Administration -				
12.112	Payments to States in Lieu of Real Estate Taxes	N/A	3,368	42,830
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.219	Community Development Block Grants/Small Cities Program	96.PF-28	20,252	186,238
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO1640306	0	19,992
		ERO1640360	19,190	0
	Program Total		<u>19,190</u>	<u>19,992</u>
U.S. DEPARTMENT OF INTERIOR				
Direct program:				
15.unknown	Wildlife Refuge Revenue Sharing	N/A	18,826	20,004
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.710	Public Safety Partnership and Community Policing Grants	95-CF-WX-5847	0	10,328
16.unknown	Equitable Sharing of Seized and Forfeited Property		6,200	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-082(9)	32,679	0
		BRO-082(10)	0	177,928
		BRO-082(15)	323,446	24,000
		BRO-082(17)	11,128	0
	Program Total		<u>367,253</u>	<u>201,928</u>

Schedule

PIKE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1999	1998
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	655	1,731
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	163-000	1,250	1,250
		SLA-98-20	0	1,801
	Program Total		<u>1,250</u>	<u>3,051</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	ER0146-8182	0	31,413
		ER0146-9182	28,444	1,255
	Program Total		<u>28,444</u>	<u>32,668</u>
Department of Social Services -				
93.563	Child Support Enforcement	N/A	9,575	10,023
93.569	Community Services Block Grant	HCP-43	45,102	37,869
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-81827	0	1,200
		PGA067-91827	1,860	280
	Program Total		<u>1,860</u>	<u>1,480</u>
93.991	Preventive Health and Health Services Block Grant	N/A	320	669
93.994	Maternal and Child Health Services Block Grant to the States	ER0146-8182	0	7,184
		ER0146-9182	10,906	843
	Program Total		<u>10,906</u>	<u>8,027</u>
	Total Expenditures of Federal Awards		<u>\$ 578,187</u>	<u>619,351</u>

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Supplementary Schedule

PIKE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Pike County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of the property at the time of receipt.

Of the pass-through amounts for Immunization Grants (CFDA number 93.268), \$26,854 and \$25,738 represent the original acquisition cost of other vaccines purchased by the Centers for Disease Control but distributed to the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. The amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$1,598 and \$2,340 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. The remaining pass-through amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

<u>Federal CFDA Number</u>	<u>Program Title</u>	<u>Amount Provided</u>	
		<u>Year Ended December 31, 1999</u>	<u>1998</u>
14.219	Community Development Block Grants/Small Cities Program	\$ 20,252	\$ 186,238
14.231	Emergency Shelter Grants Program	19,190	19,992
93.569	Community Services Block Grant	45,102	37,869

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Pike County, Missouri

Compliance

We have audited the compliance of Pike County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Pike County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 99-1.

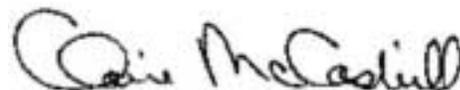
Internal Control Over Compliance

The management of Pike County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Pike County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

March 23, 2000 (fieldwork completion date)

Schedule

PIKE COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 1999 AND 1998

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable condition identified that is not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
12.112	Payments to States in Lieu of Real Estate Taxes
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

99-1.	Federal Awards
--------------	-----------------------

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity:	Not applicable
Identifying Number:	BRO 082(15) BRO 082(9)
Award Year:	1999
Questioned Costs:	Not applicable

During the two years ended December 31, 1999, the county received reimbursements from the Missouri Department of Transportation for bridge replacement and rehabilitation expenditures under the Highway Planning and Construction Program - Off System Projects. The county normally pays such expenditures as the liability is incurred and prior to the reimbursement. However, we noted eleven reimbursements totaling over \$356,000 which the county held from three to ten working days before the related payment was made to the contractor.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that federal funds shall be disbursed by the county within two days of receipt.

WE RECOMMEND the County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We agree. For future reimbursements, the County Clerk will ensure these monies are disbursed within the required time period.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

PIKE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1997, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

PIKE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1997, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

PIKE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Pike County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 23, 2000. We also have audited the compliance of Pike County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 23, 2000.

We also have reviewed the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this review were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our review, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Pike County Hospital Board, Senate Bill 40 Board, and Lincoln County Housing Authority are audited and separately reported on by other independent auditors, the related funds are not presented in the special-purpose financial statements. However, we reviewed those audit reports and the substantiating working papers for the Pike County Hospital Board for the years ended June 30, 1999 and 1998, for the Senate Bill 40 Board for the years ended December 31, 1999 and 1998, and for the Lincoln County Public Housing Authority for the years ended September 30, 1999 and 1998.

Our review was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials and the county boards referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Pike County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	Financial Conditions
-----------	-----------------------------

Pike County's General Revenue and Law Enforcement Sales Tax funds have been experiencing declining cash balances. These funds provide funding for most general operations of the county, including the activity of the Health Department, jail, and Sheriff's Office. The following chart shows receipts, disbursements, and cash balances for the two years ended December 31, 1999.

	General Revenue Fund	Law Enforcement Sales Tax Fund
Cash Balance, January 1, 1998	\$ 428,973	(603)
Receipts	2,324,337	814,347
Transfers In From General Revenue Fund	0	250,000
Disbursements	(2,290,487)	(1,007,579)
Transfers Out To Law Enforcement Sales Tax Fund	(250,000)	0
Cash Balance, December 31, 1998	212,823	56,165
Receipts	2,328,420	748,689
Transfers In From General Revenue Fund	0	150,000
Disbursements	(2,299,702)	(964,277)
Transfers Out To Law Enforcement Sales Tax Fund	(150,000)	0
Cash Balance, December 31, 1999	\$ 91,541	(9,423)

In addition, based on the county's budget for the year ended December 31, 2000, the ending cash balances of the General Revenue and Law Enforcement Sales Tax funds are projected to be a deficit of \$97,612 and \$0 respectively. Contributing to the weak financial condition has been little growth in, or decreasing, receipts coupled with steady or increasing costs.

Medicare receipts at the Home Health Department have decreased from approximately \$831,000 in 1997 to approximately \$545,000 in 1999. This decrease is due to the Medicare reimbursement rate being reduced by the federal government as well as lost Medicare reimbursements due to inadequate accounts receivable monitoring procedures (see MAR

No. 6). In addition, increasing numbers of Pike County prisoners in the county jail have resulted in less space available for housing prisoners of other governments. Reimbursements for boarding of prisoners for other entities has decreased from approximately \$189,000 in 1995 when the new jail opened to approximately \$81,000 in 1999. The decrease in boarding reimbursements has contributed to required increases in the amount of General Revenue monies being transferred to the Law Enforcement Sales Tax Fund to supplement that fund's disbursements. Over the last two years \$400,000 has been transferred from the General Revenue Fund to the Law Enforcement Sales Tax Fund, compared to \$340,000 for the previous three years. An additional transfer of \$220,000 is budgeted for the year ending December 31, 2000. The General Revenue Fund's financial condition was also impacted by the required refund of over \$115,000 in local use tax monies during the current audit period which had been previously received and spent by the county.

While the county has held steady or reduced disbursements in some areas, those changes have generally not kept pace with the changes in related receipts and have been offset somewhat by increased disbursements in other areas. These include increases in salaries of county officials, totaling \$55,000 which were approved by the salary commission in 1997 and which took effect in 1999 and an increase of \$12,000 in the Prosecuting Attorney's salary which was mandated by state law.

Over the last three budget years the county has projected the General Revenue Fund to spend all expected current revenues plus the prior year's ending cash balance, effectively zero budgeting the fund and allowing much latitude to county officials for discretionary expenses. The Commission should review these budgetary controls. This should include reviewing disbursements to identify further potential reductions in discretionary expenses, ensure attempts are made to maximize all receipts, and budgeting to provide reasonable ending cash balances as a cushion against potential future financial strains.

WE RECOMMEND the County Commission take the necessary steps to improve the financial condition of the General Revenue and Law Enforcement Sales Tax funds.

AUDITEE'S RESPONSE

We are monitoring the financial condition on a monthly basis and will take this recommendation under further consideration.

2.

County Deposits

The county's depository agreements require the depository banks to pledge collateral securities to cover the county's deposits. The securities pledged by one of the county's banks at December 31, 1999, were not sufficient to cover the county funds in excess of Federal Deposit Insurance Corporation (FDIC) coverage by approximately \$468,000. In addition, during January 2000 and 1999, the collateral securities pledged by the same bank were not

sufficient to cover the county funds in excess of FDIC coverage by approximately \$4,700,000 and \$1,590,000, respectively.

The county and its depository banks do not effectively monitor the balances in the accounts of the County Treasurer and County Collector to determine the sufficiency of the FDIC and collateral securities coverage. As a result, the county funds are not adequately protected.

The county should monitor its bank balances to ensure that the amounts of FDIC and collateral securities pledged are sufficient to cover all county funds. Section 110.020, RSMo 1994, requires the value of the securities pledged at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. To help ensure the securities pledged are adequate, the county should consider modifying the depository agreements to require the collateral securities pledged be sufficient to cover all county deposits. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

This condition was noted in our prior two audit reports.

WE AGAIN RECOMMEND the County Commission ensure adequate collateral securities are pledged for all county funds on deposit in excess of FDIC coverage.

AUDITEE'S RESPONSE

We agree with the recommendation and will contact the bank immediately to resolve this situation.

3.

County Treasurer's Reconciliations

The County Treasurer's fund ledger is not accurate as the book balance does not take into account checks issued by the County Clerk that remain outstanding. Only checks that have cleared the bank are shown as being disbursed. In addition, the County Treasurer performs reconciliations between her fund ledger balances and the bank statement balances once every six months when the semi-annual settlement is prepared; however, differences noted are not always investigated and followed up on.

During our review, we compared bank amounts to book balances and discovered a receipt of \$4,762 and a payment of \$4,790 which were not recorded in 1999 on the fund ledger. Because these errors were similar in amount, they did not materially misstate the fund ledger balance; however, they were not discovered by the Treasurer due to lack of a complete reconciliation between the bank balances and the Treasurer's book balance.

Complete reconciliations between the bank receipts, disbursements and balances and county fund ledgers are necessary to ensure all monies have been accounted for properly. Any discrepancies noted should be investigated and resolved on a timely basis.

This condition was also noted in our prior report.

WE AGAIN RECOMMEND the County Treasurer prepare complete reconciliations between the county fund ledgers and bank statement balances monthly and resolve any discrepancies on a timely basis. In addition, the county fund ledgers should reflect a true book balance including any checks written by the County Clerk which remain outstanding.

AUDITEE'S RESPONSE

I agree. These recommendations have now been implemented.

4. Sheriff's Inmate Account

The Sheriff's Department receives approximately \$30,000 annually in personal monies for inmates and operates a commissary to purchase food and personal items for the prisoners. The inmate and commissary monies are maintained in the same bank account. Profits from the commissary are used to purchase recreational equipment for use by the inmates.

The total of the prisoners' monies in the Sheriff's checking account is not reconciled to the total of the recorded individual prisoner balances. Inmate balances are maintained on computer files but the balances cannot be reconciled to the total in the bank account because the account also contains the commissary monies for which no separate records are kept. To reconcile, the Sheriff's office must maintain records for the commissary account that would record sales made as well as purchases and calculate the balance of the account. Reconciliations between receipts, disbursements, and individual balances and the total in this bank account are necessary to ensure all monies received are accounted for properly and errors in recording amounts in inmate and commissary accounts are detected.

This condition was also noted in our prior report.

WE AGAIN RECOMMEND the Sheriff maintain records for the commissary account and reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis.

AUDITEE'S RESPONSE

I will investigate the situation. If our current resources allow, I will attempt to implement the recommendation within ninety days.

5.**Circuit Clerk's Procedures**

The Circuit Clerk accepts partial payments of fines and court costs and accumulates them until the entire balance has been collected. The Circuit Clerk also collects bonds on some criminal cases. Our review of the civil and criminal open-items listings noted 214 cases totaling approximately \$27,200 which were more than one year old. These older cases may contain balances insufficient to cover all fines and costs charged to the case. Also, the criminal open items noted may contain old bonds.

Regarding partial payments being held, if it appears unlikely the remaining amounts owed will be collected, a court order should be obtained to allow the balance held in the case to be prorated among the various court costs. Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated." Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

In addition, a review should also be made of any bonds posted by persons who failed to make the required court appearance to determine if the bonds should be forfeited and monies paid over to the county treasurer as provided by Section 479.210, RSMo 1994. For those bonds which cannot be forfeited and remain unclaimed, Section 447.595, RSMo 1994, requires bonds remaining unclaimed for one year after disposition of the case be turned over to the state's Unclaimed Property Section.

WE RECOMMEND the Circuit Clerk review older cases along with the Circuit Judge and determine the appropriate disposition of inactive cases. In addition, any old unclaimed bonds should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

I will review these older cases and talk to the Judge to determine if any of these monies can be prorated and disbursed. I also plan to talk to at least three other circuit clerks in the area to see how they are handling these cases. I will try to have implemented this recommendation within three to six months.

6.**Home Health Department's Records and Procedures**

- A. The Home Health Department bills various entities (ie. Medicare, Medicaid, and private insurance companies) for the services provided to patients. The majority of the department's receipts are received through the payments received from these

billings. Department receipts totaled approximately \$718,000 and \$774,000 in 1999 and 1998, respectively. Our review of the department's billing and collection procedures noted the following concerns:

1. The department did not adequately monitor unpaid billings and, as a result, failed to receive approximately \$50,000 in Medicare reimbursements due for services provided.

Billings for Medicare services are filed electronically with the Health Care Financing Administration (HCFA) and must be submitted within twelve months of the date of service. No reconciliations were performed between the department's in-house accounts receivable records and available Medicare reports to verify that all submitted claims were actually being approved and reimbursed. Due to this lack of monitoring, the department was unaware that several claims submitted for services provided in 1997 were denied by the HCFA. In 1998, when the department finally realized that these claims had actually been denied, they resubmitted them for approval; however, due to the untimely reprocessing of these claims approximately \$50,000 of their request was rejected. This loss of reimbursements has impacted the county's financial condition.

In addition, Medicare (and other) remittance advices, which document the reimbursements, are supposed to be matched with the corresponding bill when the information is posted to the department's in-house accounts receivable program used to track all patient billings and balances. However, the department has not updated the billings and related payments on this program since February 1999. Therefore, remittance advices are not being reconciled to the accounts receivable records on a timely basis and the accounts receivable balances are not accurately stated.

2. Billings are not always prepared in a timely manner. During our review of billings to private insurance companies, we noted that four of the seven billings reviewed were sent from three to five months after the service was provided.

To help ensure receipts are maximized, decrease the risk of errors or misappropriation, and provide an accurate picture of the department's financial condition, periodic reconciliations between applicable funding agency reports, bills and remittance advices should be performed, accounts receivable records should be currently maintained, and billings should be prepared in a timely manner.

- B. Accounting duties are not adequately segregated. Currently, the responsibilities of collecting, recording, and transmitting receipts, and billing for accounts receivables are assigned to one employee. There is no documented independent review of the accounting records.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation cannot be achieved due to limited staff, at a minimum the Home Health Administrator should periodically compare transmittals with recorded receipts. Proper supervision by the Home Health Administrator and documented reviews help ensure that financial records are properly maintained and errors are detected on a timely basis.

- C. Checks are not restrictively endorsed until they are received in the transmittal by the County Treasurer. To decrease the risk of monies being misused, checks should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the Home Health Department:

- A. Perform periodic reconciliations between funding agency reports, bills, and remittance advices, properly maintain accounts receivable records, and prepare billings in a timely manner.
- B. Adequately segregate the record keeping duties or perform and document periodic reviews of the accounting records.
- C. Restrictively endorse checks immediately upon receipt.

AUDITEE'S RESPONSE

- A. *The accounts receivable problem for 1997 that resulted in the loss of \$50,000 in Medicare reimbursements was only partially due to our failure to keep accounts receivable updated. A large part of the problem was that the Providers Statistical and Reimbursement report (PS & R) from HCFA failed to show accurate data. The PS & R is a notification process that reports when an agency has different visit numbers than HCFA and which serves as a check and balance system to ensure accuracy. Other agencies have reported that their PS & R's are very inaccurate. We received no notice that this was occurring and neither did any of the other providers.*

The fact that the loss of reimbursement has impacted the county's financial condition is true, but part of our loss for 1999 was covered with moneys from our donation account. For both 1998 & 1999 we do know what is billed and exactly what has been paid using the following procedure:

On a semi-annual basis, starting in December 1999, our Finance Director goes into the Medicare system and manually enters the identification number of each patient served year-to-date. This shows per screen what has been paid on every patient. She then compares that data to what we have actually received. If the system shows that something has not been paid, then we rebill. Visits are double-checked again at that time.

Accounts receivable postings are behind since February 1999. We knew that the system described above was a quicker and more accurate check of billed versus paid claims. The accounts receivable will be brought up to date. In the fall of 1999, the Finance Director set up a new accounts receivable system that HCFA told her needed to be done.

To serve as clarification as to why the accounts receivable postings fell behind from February of 1999, the accounts receivable were a primary duty of one of our secretaries until the Balanced Budget Act of 1997. The secretary was hired March 30, 1998, and this was a high priority to get the accounts receivable current. Several things happened that made us reprioritize her job. In February of 1999, HCFA mandated the implementation of the Outcome Assessment Information Set (OASIS).

The nurses had to collect the data (14 pages on the initial patient assessment) and turn it in within a five day window. The secretary who was working on the accounts receivable now was in charge of entering the data through the HAVEN software system to the Division of Aging. She was working on a very tight time frame. The data had to be locked in the system by day seven, which started on the day the nurse made the initial visit. The secretary no longer had time to conclude the accounts receivable postings. She had to learn a new system and keep up with it. Because OASIS data is collected at least six points, patient admission became a large job that needed one person's attention.

With all the Medicare cuts, we could not afford to hire additional help to normalize operations. It is important to note that home health has now become the most highly regulated industry in health care. It has taken a lot of time and money for our staff to learn, apply, and evaluate new systems that had been mandated. There have certainly been a lot of changes.

Regarding timeliness of private insurance billings, we realize that this is not acceptable. All private insurance billings year-to-date will be caught up by the end of the week of June 12, 2000.

- B. Part of the accounting segregation process will be achieved by logging in all checks upon receipt in the mail. The secretary who will be in charge of this will not be the secretary who routinely does the accounting functions. Additionally, the administrator will develop into policy, internal controls to ensure proper accounting controls by periodically comparing transmittals with paid receipts.*

The Administrator receives, on a regular basis, reports that show financial information as reflected in the general ledger. The administrator signs off on these reports, which are in the form of monthly trial balance reports. When our 2000 budget was cut by \$136,000, we then decided that it would be necessary to evaluate expense/revenue information on a weekly basis. We started this review in February of 2000, just after final budget approval.

- C. *We have started a log-in of all money received on a daily basis. We have now implemented restrictive endorsement of checks by stamping the back of each check "Deposit Only to the County of Pike" immediately upon receipt. The secretary designated for this job is not the Finance Director.*

This report is intended for the information of the management of Pike County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

PIKE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Pike County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the county should consider implementing these recommendations.

1. County Expenditures

- A.1. The county received two bids for a new computer system and executed a lease/purchase agreement for hardware with the higher bidder. No documentation was maintained to support the reason for selecting the bid.
- 2. The county accepted an offer from the hardware vendor awarded the bid in A.1. to lease software for five years. Bids were not solicited for the software from any other vendor. The county began using this software in November 1996, but later learned that the software was not Y2K compatible. The vendor proposed to correct this deficiency at an extra cost to the county of more than three times the amount of the lease. The county decided to continue with the present lease through December 1999, and shop around for one that was Y2K compatible.
- B. The County Commission purchased equipment for their 911 system from two vendors but could not produce documentation showing a formal bid process.

Recommendation:

The County Commission solicit bids for purchases in accordance with state law and ensure bid requests contain all necessary information for vendors to prepare complete and accurate bids. In addition, the County Commission should maintain complete and accurate documentation of bidding decisions. The County Commission should also consider seeking legal advice as to whether any of the additional costs related to obtaining new software and converting data can be recouped from its present software vendor.

Status:

Partially implemented. During our review, it appeared the County Commission generally solicited bids for purchases in accordance with state law and ensured bid requests contained all necessary information for vendors to prepare complete and accurate bids. In addition, improvements in the documentation concerning bidding decisions were noted; however, documentation concerning some decisions was still lacking. The county addressed the Y2K issue during the audit period by purchasing new equipment; however, the county was not

able to recoup any of these costs from its previous software vendor. Although not repeated in our current MAR, our recommendation remains as stated above.

2. Computer System

The county did not have a formal emergency contingency plan for its computer systems.

Recommendation:

The County Commission develop a formal contingency plan for the county's computer systems.

Status:

Not implemented. However, the county indicated that there are other counties and/or organizations nearby which utilize the same computer software as Pike County. They believed that if a disaster were to occur, the county could use one of these systems. In addition, back-ups are being made by the company that provided the system and information could be recreated from those back-ups for Pike County in the event of a computer disaster. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Deposits

The county's depository banks did not meet their contractual agreement to pledge collateral securities to cover the county's deposits. As a result, the county funds were not adequately protected.

Recommendation:

The County Commission ensure adequate collateral securities are pledged for all county funds on deposit in excess of FDIC coverage.

Status:

Partially implemented. While the county's banks pledged the specific amounts of collateral securities required in the depository agreements, during January 1999, December 1999, and January 2000, one of the banks did not have sufficient collateral securities pledged to completely cover county funds. See MAR No. 2.

4. Personnel Policies and Procedures

A. Time sheets were not always prepared by employees or maintained by the County Clerk's office. In addition, they were not always signed by the employee or the employee's supervisor.

- B. The County Clerk did not maintain centralized records of compensatory time and sick and annual leave balances for each employee. In addition, employee's annual and sick leave balances were not always correctly reported and compensatory time balances were not always calculated correctly.

Recommendation:

The County Commission:

- A. Ensure accurate and complete time sheets are prepared and maintained for all employees. The records should be prepared and signed by the employees, approved by the applicable supervisor, and filed with the County Clerk.
- B. Ensure that employee leave earned, taken and the accumulated balances are reported accurately and require the County Clerk to maintain centralized annual, sick and compensatory leave records.

Status:

A&B. Implemented.

5. Flood Control and Wildlife Refuge Distributions

Flood Control and Wildlife Refuge monies received from the federal government were not properly distributed in accordance with state law.

Recommendation:

The County Commission distribute the applicable federal monies received in accordance with Section 12.100, RSMo 1994.

Status:

Partially implemented. Wildlife Refuge and Flood Control monies were properly distributed in 1999; however, errors were noted in the distribution of Flood Control monies in January 2000. No corrections were made for the previous errors noted, but when considered with the errors made in January 2000, the accumulated differences are now insignificant. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Maternal and Child Health Services Reimbursements

- A. For the year ended September 30, 1997, the Public Health Administrator submitted claims for reimbursement based upon the Medicaid-approved rates rather than upon actual costs as required by the contract. Total reimbursements exceeded actual costs by approximately \$877.

- B. The Public Health Administrator did not remit a MCH reimbursement to the County Treasurer because the Administrator was holding the check for possible return to the state pending the resolution of the cost issue discussed in part A above.

Recommendation:

The County Commission:

- A. The County Commission ensure the Public Health Department complies with the terms of the MCH contract and resolve the questioned costs with the grantor agency.
- B. Require the Public Health Administrator to remit receipts to the county treasurer daily or when accumulated receipts exceed \$100.

Status:

- A. Implemented. The county Public Health Department has resolved the questioned costs found in the prior audit. The \$877 was reimbursed to the Department of Health in January 1999. In addition, subsequent payments to the Public Health Department were based on actual costs incurred.

- B. Implemented.

7. County Treasurer's Reconciliations and Interest Allocations

- A. The County Treasurer did not perform reconciliations between the fund ledger and the bank statement balances or investigate or resolve any discrepancies in a timely manner.
- B. County Treasurer allocated interest earned on county bank accounts to various funds by a method that resulted in either too high or too low interest allocations among various funds.

Recommendation:

The County Treasurer:

- A. Prepare complete reconciliations between the county fund ledgers and bank statement balances monthly and resolve any discrepancies on a timely basis.
- B. Develop a better method to allocate interest earnings to ensure interest is allocated properly among funds.

Status:

- A. Not implemented. See MAR No. 3.
- B. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

8. County Collector's Procedures

- A. Incorrect unadjusted tax levies were used when computing the Proposition C ratios for some school districts.
- B. The annual settlements of the County Collector were not completed and filed timely in accordance with Section 139.160, RSMo 1994.

Recommendation:

The County Collector:

- A. Recompute commissions related to these school districts and make corrections for amounts improperly distributed to the schools and the General Revenue Fund. In addition, the Collector should ensure future Proposition C commission are computed properly.
- B. Ensure annual settlements are completed in a timely manner.

Status:

- A. Partially implemented. Proposition C commissions were computed properly for the two years ended February 28, 2000; however, corrections for previous incorrect distributions have not been made. The Collector indicated the withholding errors were discussed with the County Commission but no decision was made regarding correcting the previous errors. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. The annual settlement for the year ended February 28, 1999, was not completed until August 1999 and the settlement for the year ended February 28, 2000, was not completed until May 2000. Although not repeated in the current MAR, our recommendation remains as stated above.

9. Sheriff's Inmate Account

- A. The total of the prisoners' monies in the Sheriff's commissary checking account was not reconciled to the total of the individual prisoner balances.

- B. Authorization to make disbursements to inmates for refunds upon release and to vendors for commissary supplies was not properly restricted. In addition, canceled checks were not reviewed and compared to invoices for the purchase of commissary supplies and some invoices were not retained.

Recommendation:

The Sheriff:

- A. Maintain records for the commissary account and reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis.
- B. Limit the number of individuals authorized to make disbursements from the inmate account and compare the canceled checks to the invoices for propriety. In addition, invoices should be maintained to support expenditures from the inmate account.

Status:

- A. Not implemented. See MAR No. 4.
- B. Partially implemented. Checks written by correctional officers on the inmate account are now compared to invoices by the clerk responsible for reconciling the account. In addition, invoices are maintained to support all disbursements from the account. However, the number of individuals authorized to make disbursements from the account has not been limited. Although not repeated in the current MAR, our recommendation remains as stated above.

10. County Clerk's Records and Procedures

- A. General fixed asset records were not reconciled from year to year to ensure that all additions and deletions for the period were included and that all other fixed assets were accounted for properly.
- B. General fixed assets were not numbered, tagged, or otherwise identified as county property.

Recommendation:

The County Clerk:

- A. Maintain general fixed asset records on a perpetual basis.
- B. Identify all general fixed asset items with an original cost of \$250 or more with a number, tag, or other similar device.

Status:

- A. Partially implemented. General fixed asset records are maintained on a perpetual basis and the County Clerk plans to computerize the records in the near future; however, a reconciliation is not performed from year to year. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. The County Clerk indicated that most assets are tracked by their serial numbers, if available. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

PIKE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1818, the county of Pike was named after Zebulon Pike, a leader of an 1818 Missouri River expedition. Pike is a county-organized, third-class county and is part of the Forty-Fifth Judicial Circuit. The county seat is Bowling Green.

Pike County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Pike County received its money in 1999 and 1998 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 754,736	18	724,831	17
Sales taxes	1,131,501	26	1,136,387	27
Federal and state aid	1,909,980	44	1,823,819	43
Fees, interest, and other	507,457	12	569,749	13
Total	\$ 4,303,674	100	4,254,786	100

The following chart shows how Pike County spent monies in 1999 and 1998 from the General Revenue and Special Road and Bridge Funds:

USE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,013,192	23	1,013,876	23
Public safety	382,344	9	467,030	11
Public health and welfare	1,054,166	24	1,059,581	24
Highways and roads	1,948,723	44	1,822,162	42
Total	\$ 4,398,425	100	4,362,649	100

The county also received approximately \$749,000 and \$814,000 for the years ended December 31, 1999 and 1998, respectively, to spend on public safety from the Law Enforcement Sales Tax Fund.

The county maintains approximately 109 county bridges and 548 miles of county roads.

The county's population was 16,928 in 1970 and 15,969 in 1990. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	1999	1998	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 98.8	89.1	82.6	52.0	40.1
Personal property	43.6	39.7	15.6	13.8	7.0
Railroad and utilities	41.9	41.8	41.0	18.9	13.3
Total	\$ 184.3	170.6	139.2	84.7	60.4

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Pike County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,	
	1999	1998
General Revenue Fund	\$.25	.25
Special Road and Bridge Fund	.29	.29
Hospital Fund	.22	.22
Senate Bill 40 Board Fund	.18	.18

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28,	
	2000	1999
State of Missouri	\$ 50,780	51,906
General Revenue Fund	436,366	445,084
Special Road and Bridge Fund	488,145	499,236
Assessment Fund	73,342	76,171
Hospital Fund	368,055	376,050
Senate Bill 40 Board Fund	301,548	308,584
School districts	5,505,796	5,728,263
Nursing Home Fund	5,538	5,207
Ambulance district	6,965	6,459
Fire protection districts	47,259	45,048
Tax Increment District Fund	5,133	4,649
Drainage district	14,534	14,507
Cities	78,484	94,252
County Employees' Retirement	24,686	23,490
Commissions and fees:		
General Revenue Fund	110,878	114,251
Total	\$ <u>7,517,509</u>	<u>7,793,157</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2000	1999
Real estate	82.8 %	94.9 %
Personal property	75.8	93.1
Railroad and utilities	100.0	98.3

Pike County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0500	None	50 %
Law Enforcement	.0500	None	0
Road and Bridge	.0500	None	0

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2000	1999	1998
County-Paid Officials:			
Clark Pointer, Presiding Commissioner	\$	29,060	20,000
Delbert L. Clark, Associate Commissioner		27,060	20,000
Harold R. Deitle, Associate Commissioner		27,060	20,000
Jim Ford, County Clerk		41,000	32,500
Mark Fisher, Prosecuting Attorney		61,500	43,250
Jim Wells, Sheriff		38,000	38,000
Patti Crane, County Treasurer		30,340	
Delores Tinsley, County Treasurer			21,590
Bill Sterne, County Coroner		6,500	6,500
Leone Cadwallader, Public Administrator *		16,779	17,707
Marty Morrison, County Collector, year ended February 28(29),	41,000		
Robert Conrad, County Collector, year ended February 28(29),		32,673	
John Shade, County Assessor **, year ended August 31,		41,900	41,900
Dennis Kallash, County Surveyor ***		0	0

- * Includes fees received from probate cases.
- ** Includes \$900 annual compensation received from the state.
- *** Compensation on a fee basis.

State-Paid Officials:			
Sherry Crow McCarty, Circuit Clerk and Ex Officio Recorder of Deeds		44,292	42,183
J. Rockne Calhoun, Associate Circuit Judge		87,235	85,158

A breakdown of employees (excluding the elected officials) by office at December 31, 1999, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	2	2
County Clerk	3	0
Prosecuting Attorney (1)	4	0
Sheriff (2)	31	0
County Treasurer (3)	1	0
County Collector (3)	2	0
County Assessor	7	0
Associate Division	0	2
Probate Division	0	1
Road and Bridge	18	0
Public Health (2)	10	0
Home Health (2)	33	0
Total	<u>111</u>	<u>5</u>

- (1) Includes a part-time assistant prosecuting attorney.
- (2) Includes several part-time employees.
- (3) Includes one part-time employee.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Pike County's share of the 45th Judicial Circuit's expenses is 35.6 percent.

In 1994, a new county jail was completed at a cost of approximately \$1.5 million. The county entered into a 15 year lease-purchase agreement to pay for the building. In August 1997, the county refinanced its lease-purchase agreement. As of December 31, 1999, the county still owed \$1,361,628 on the lease-purchase agreement, including \$1,075,000 in principal and \$286,628 in interest payable.

* * * * *